

## BOOK REVIEWS

D. R. DANNENBURG, R. KAAS, M. J. GOVAERTS (1996): *Practical Actuarial Credibility Models*. IAE (Institute of Actuarial Science and Econometrics of the University of Amsterdam), 157 pages.

The courageous foreword of this book caught my interest. The authors made three points about existing credibility literature:

1. Credibility is currently taught in a needlessly complicated way.
2. Credibility is emphatically set in a Bayesian framework.
3. Often advanced mathematics is applied, even in situations where more elementary methods could be used.

These statements raise high expectations about the book, but I was not disappointed. In an accessible language the authors provide an extensive and rather complete guide to credibility. The theories are well documented with verbal motivation, practical considerations and numerical examples. Many readers will appreciate the fact that the book does not neglect the ties to statistics, such as analysis of variance and regression. The book has the following eight chapters:

1. Introduction,
2. The Buhlmann-Straub model,
3. Jewell's hierarchical model,
4. General properties of credibility estimators,
5. Credibility and Bayes estimators,
6. The two-way cross classification model,
7. Credibility models applied to IBNR problems,
8. The Hachemeister model.

By writing this text, the authors have rendered a service to the international actuarial community: the book can be recommended to practitioners as well as to advanced actuarial students and their teachers.

Information how to order the book can be obtained from Rob Kaas, either at his IAA Yearbook address, or at RobKaas@fee.uva.nl by e-mail.

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